

## Chapter 2: **Improving Superfund Program Integration and Communication**

The success of the Superfund program has been and is dependent upon the partnership and collaboration of many of the Agency Offices and all of the Regions. The issues identified in this section of the study are those issues which could both strengthen this partnership and affect all offices that have Superfund responsibilities and resources. In addition, the Study team has identified some global program issues which could impact multiple offices. Some of these issues may have more detailed recommendations in other chapters.

### **Improving Overarching Leadership**

Several interviewees suggested a need for greater overall program coordination and integration of the efforts among the various offices (including the Regions) with Superfund responsibilities. With resources spread broadly across multiple EPA headquarters offices and the Regions, efforts end up less focused and less mutually supportive because different parts of the organization see themselves as beholden to their own program areas, rather than responsible for achieving overarching programmatic goals and mandates.

**Recommendation 1:** The Deputy Administrator should create an internal Superfund Board of Directors to improve program coordination, integration and accountability. The Office of Solid Waste and Emergency Response (OSWER) Assistant Administrator would chair this board which will be made up of EPA Assistant Administrators who manage Superfund resources and functions. The board would be co-chaired by the Office of Enforcement and Compliance Assurance (OECA) Assistant Administrator. Regional input would be secured at a minimum through the participation of the lead Region for Superfund. The board would address cross-cutting issues, set overarching Agency policies and priorities, and provide analytical support on cross-cutting management issues. (A rotating staff—detailed for six months at a time—could conduct analyses like those identified in this report, and the board could then act upon the findings.) (Near term)

The study team has identified four additional options as alternatives to the above recommendation:

**Option 1:** Designate a Senior Superfund Program Manager with responsibility and authority across all Superfund resources. Under this proposal, this individual would report directly to the Deputy Administrator, and the function would be the person's sole duty. The Senior Superfund Program Manager would focus on overall Agency-wide management issues, rather than on response execution (i.e., not oversight/review of remedy selection).

**Option 2:** Fulfill the same function as in Option 1 through a multi-office Deputy Assistant Administrator-level Board of Directors that includes regional representation. This approach recognizes that because several EPA headquarters offices and Regions have a stake in decisions and a role in their implementation, having broad input and shared decision-making responsibility is appropriate. Under this option, leadership of this board would rotate regularly.

**Option 3:** As a hybrid of Options 1 and 2, establish the Senior Superfund Program Manager position and designate a Superfund Board of Directors. The Senior Superfund Program Manager would chair the board and serve on behalf of the Deputy Administrator.

**Option 4:** In lieu of a Senior Superfund Program Manager, designate or delegate as much responsibility and authority for the Superfund program as possible to the OSWER Assistant Administrator, who would be responsible for setting Agency-wide Superfund policy spanning response, enforcement, research and development, and resource management, with all the staff working in these areas taking policy direction from this single Assistant Administrator.

### **Articulating the Goals and Measuring Progress of Today's Superfund Program**

A clear strength of the Superfund program is its ability to mobilize a range of technical and programmatic assets to accomplish a variety of tasks. Far from a one-dimensional cleanup program, Superfund has continued to apply new approaches, like the use of Superfund Alternative Sites, and adopt new ways of leveraging other authorities and resources to achieve cleanups.

One reason the Superfund program has evolved in this way is the significant change in the type and number of sites. Today's Superfund sites are far more varied than sites like Love Canal and Valley of the Drums, which provided the initial impetus for the program's formation. Listing such a wide variety of sites has, in turn, created the expectation among many groups that Superfund will virtually always be a safety net to provide cleanups when other response mechanisms or programs cannot achieve them. This strength has created an expectation that Superfund will rise to the task when new or significant problems arise. Perhaps the most recent example is the application of EPA's capability to respond to terrorist incidents and the *Columbia* space shuttle disaster.

The availability of so many options and permutations, however, also can be a weakness if the goals of the Superfund program are not clearly identified and articulated. Currently,

with respect to National Priorities List (NPL) sites alone, the program is seeking to meet at least four different goals: completing all construction at a site, maintaining work at all ongoing remedial actions, addressing worst sites first for new starts, and making sites ready for reuse. Also, some EPA Regions have an additional and significant commitment to cleaning up Superfund Alternative Sites. All of these goals are competing for the same limited resources. The study team's sense from discussing the Superfund program with a wide spectrum of interested parties is that, at present, program leadership needs to more finely hone the program's goals and more clearly articulate the relative priority among these goals.

Recently, even the emphasis on directing more resources to remedial actions (the focus of this report) suggests an opportunity to improve how the Agency tracks and communicates both internally and externally the accomplishments of the Superfund program. For example, if a traditional remedial action, a non-time-critical removal, a Superfund Alternative Site cleanup, and a state voluntary cleanup program remedy motivated by a threat of potential NPL listing all achieve substantially the same result, why is the Agency not more accomplished at gathering data on these actions and reporting them collectively as a success story? EPA has begun to do this by reporting Superfund Alternative Site completions in the same way as NPL completions, but until the Agency can report on the full impact of Superfund, its observers, including members of Congress, will not understand how much the program has actually accomplished.

Discussions during many of the interviews conducted by the study team, and the regional responses to interview questions, suggest that Superfund performance measures often do not encourage program coordination, cooperation, and collaboration. This is part of the reasoning behind the recommendation for the Superfund Board of Directors presented in the previous section, but it also points to the need for more clearly defined and articulated goals for the program.

**Recommendation 2:** Senior program managers should evaluate the program's current goals and objectives and clearly communicate the hierarchy among these goals to ensure that Superfund resources are properly directed to achieve the Agency's most important goals. This action is critical in the area of NPL site cleanups to ensure that the limited funds available for long term cleanups (remedial actions) are maximized and appropriately allocated. (Near term)

**Recommendation 3:** OSWER and the lead Region should spearhead an effort to develop performance measures that are consistent with the newly articulated hierarchy of goals. For example, if the Agency decides to count cleanups, no matter what the source, the performance measure should include NPL construction completions, Superfund Alternative Site completions, removal actions that complete all of the work at an NPL site, and voluntary cleanups. (Near term)

## **Clarifying the Role of the NPL**

The study team's interviews support the view that a strong federal Superfund program—which includes listing, studies, and cleanups, as necessary—is vital to the success of the Brownfields and state voluntary cleanup programs. A robust federal program provides a powerful incentive for private parties to do work under state regulatory and voluntary programs. The continued listing of sites on the NPL is needed to create the “gorilla in the closet” effect, which increases the effectiveness of these other programs. A strong and balanced federal program also encourages responsible parties to undertake cleanup, whether at an NPL or non-NPL site.

In addition, if the Agency artificially constrains NPL listing, it is not accurately depicting for Congress or the public the true magnitude of the potential Superfund universe. Although fewer sites today than at the program's inception require NPL listing, many of the people interviewed by the study team fully expect the need for listing to continue. The challenge is to create a list of sites that truly need to be addressed, while being mindful of the potential to create a backlog of NPL sites that lie dormant due to a lack of funds.

**Recommendation 4:** OSWER and the Regions should work together to maintain a sufficient rate of listing on the NPL to provide a clear incentive for potentially responsible parties (PRPs) to perform work under the Superfund program as well as other programs or authorities. (Near term)

## **Using Fund-Lead Work as an Enforcement Lever**

Individuals inside and outside EPA have noted the importance of managing the annual appropriation so that it is clear to PRPs that sufficient funds are always available for starting cleanup work, if they fail to. Without those funds (and a general awareness of those funds), PRPs have less of an incentive to negotiate with the Agency to conduct work at sites, and the recalcitrant behavior of some PRPs is not quickly addressed.

**Recommendation 5:** OSWER should allocate resources to start Fund-lead actions (work conducted at Superfund sites by EPA) at every step in the Superfund pipeline, thereby motivating PRPs to commit to taking on work and freeing up appropriated dollars over the longer term. (Near term)

## **Supporting EPA's One Cleanup Goal**

The One Cleanup Program is EPA's vision for managing its various cleanup programs so that at all levels of government can work together to improve the coordination, speed, and effectiveness of cleanups at contaminated sites. The program envisions similar outcomes for similar site situations, regardless of whether EPA is cleaning up a Superfund site, a Resource Conservation and Recovery Act (RCRA) corrective action site, or a leaking underground storage tank. For the same pollutants in a similar situation, the program should achieve an equivalent result.

To achieve this goal, EPA is implementing and promoting management activities that require coordination and planning among the various EPA, state, tribal, federal, and local cleanup programs. EPA is also developing information systems that will allow different programs to easily share and communicate cleanup information to the public. Finally, EPA is collaborating with its partners to develop better performance measures that demonstrate the overall effectiveness and benefit of the nation's combined cleanup efforts.

**Recommendation 6:** OSWER should promote the One Cleanup Program more aggressively and set more ambitious targets for policy and guidance development in order to continue to improve the coordination, speed, and effectiveness of cleanups. (Near term)

**Recommendation 7:** OSWER and OECA should build upon their work to improve and strengthen performance measurement by establishing measures that encourage the various cleanup approaches to complement each other. For example, OSWER could adopt a measure that treats a Superfund Alternative Site completion like an NPL construction completion, and an NPL construction completion like a fully protective removal action. OSWER should also consider broadening this measure to incorporate RCRA corrective actions under a “one cleanup” umbrella. (Near term)

### **Measuring Performance**

At one time in the past, tracking and reporting Superfund accomplishments were overemphasized, and virtually every milestone in the cleanup process was closely monitored. Regions were able to assert that the administrative burden of this work hardly justified the trade-off in available time to perform work more directly related to actual cleanups. Today, although many of these measures remain, EPA is recognizing the need for more integrated performance measures and monitoring tools. Consequently, the Superfund program is developing useful and appropriate efficiency measures. This effort was selected to receive additional support through the Office of the Chief Financial Officer/Office of Policy, Economics and Innovation (OCFO/OPEI) Measures Development competition. To date, the program has convened a workgroup to brainstorm and study a wide variety of potential efficiency measures, including long-term efficiency, annual efficiency, and program management types of measures. Current efforts are focused on the feasibility, appropriateness, and usefulness of the identified potential measures. The program plans to select and implement at least one new measure for FY 2005.

**Recommendation 8:** All national program managers (NPMs) with Superfund resources, with their Lead Regions, should adopt and track a manageable number of meaningful regionally specific performance measures; ensure data systems are in place to facilitate timely and accurate reporting; and consider using measures beyond traditional cleanup milestones, including financial management, resource utilization, and cost recovery effectiveness. (Near term)

**Recommendation 9:** OSWER and OECA should consider adopting goals that cut across different program activities (e.g., cleanup completions through use of any tool or combination of tools) to improve teamwork and gain full recognition for all work that produces similar outcomes. (Near term)

### **Preventing Future Sites**

The prevention of a continually expanding Superfund site universe will depend largely upon a strong RCRA program. Some sites are on the NPL that as a direct result of insufficient financial assurances to fund the cleanup necessary when the facility at that location ceased operation. Similarly, removal actions occur at RCRA generators, which are not required to provide financial assurances. The Agency eventually lists some of these sites on the NPL.

A number of interviewees think that certain decisions made in the RCRA program may result in the need for additional future cleanups under Superfund. For example, there is a fairly broadly held belief that EPA could substantially reduce future Superfund workload if it revamped regulations and policies that enable the start-up and continuation of operations that handle hazardous wastes, but whose financial and/or technical wherewithal to prevent or respond to releases is questionable.

**Recommendation 10:** OSWER should evaluate the history of NPL listings and removal actions to determine what percent were RCRA treatment, storage, and disposal facilities or hazardous waste generators and to what extent these facilities present a continuing burden to the Superfund program. (Near term)

**Recommendation 11:** If the evaluation confirms a high correlation with RCRA-regulated facilities, OSWER and OECA should examine different approaches to financial assurance under the RCRA program to reduce the likelihood of RCRA-regulated facilities becoming part of the future Superfund universe. (Long term)

**Recommendation 12:** For facilities not covered under RCRA, OSWER should study whether promulgating new regulations under CERCLA's broad financial assurance authorities could reduce the future needs of the Superfund program. (Long term)

### **Communicating Program Funding Within and Outside of EPA**

Congress and others outside the Agency have expressed concern that the Agency is not spending enough money on cleaning up Superfund sites. In its FY 2004 report, the Senate Appropriations Committee noted that the Agency was spending only 16 percent of the annual appropriation on site construction and long term response actions and directed the Agency to spend no less than the 22 percent of the annual appropriation. When the Conference Committee completed its work on the Agency's 2004 budget, it did not direct the Agency to target a specific percentage of funding to site construction.

A concern within EPA is that expenditures for long term cleanups (remedial actions) and long term response actions do not represent all of the funding being spent on cleanups. The percentage referenced by the Senate Appropriations Committee understates the true amount invested in cleanup because it only represents the money going to contractors and other federal agencies. But more importantly, it does not include other key activities that are speeding up all long term cleanups at Superfund sites. (The Agency does not estimate specific payroll costs each year for these individual activities. Therefore, the Agency could only capture these costs after the year ends.)

The cost of cleanup should include:

- The cost of short term cleanups (removals) at NPL sites;
- The cost of long term cleanups (remedial actions) and post construction work at NPL sites;
- The cost of overseeing potentially responsible parties (PRPs) cleanup actions; and
- The EPA payroll costs associated with these actions.

Even the costs described above do not capture the very real costs of all of the necessary steps that must occur before a site reaches the cleanup phase. These costs include:

- The cost of addressing immediate public health concerns (removal actions) at non-NPL sites;
- The cost of discovering, listing, and studying sites to choose the right cleanup approach;
- The cost of gathering analytical data to support the science behind the cleanup;
- The costs that support the identification of, and negotiations and settlements with, PRPs to conduct feasibility studies and site designs; and
- The cost of technical assistance from the Office of Research and Development for site characterization and remedy selection.

Over 70 percent of Superfund cleanups are currently performed by PRPs as a result of the Agency's vigorous enforcement program. The costs of the enforcement program typically are not included as part of the cost of cleanups.

**Recommendation 13:** The Agency should collect data at the end of the budget year on the amount of funds spent on cleanup or on those activities that are necessary to get to the cleanup phase and communicate the cost of cleanups more effectively. (These amounts would include the contract and payroll costs associated with the activities defined above). (Near Term)

### **Allocating Superfund Dollars Effectively**

As part of its internal budget allocation process, EPA set up distinctions and definitions for Superfund dollars, which are used today by Congress and the Office of Management and Budget (OMB). However, these definitions have become self-imposed limitations, resulting in unnecessary internal transaction costs when money needs to be moved around

or funds “transformed” for different uses. For example, in FY 2004, for response activities, the Regions now receive four separate allocations of contract funds in addition to a separate allocation for payroll.

**Recommendation 14:** OSWER and the Regions, in coordination with OCFO, should work together to identify ways to simplify the internal budget structure. If needed, the Agency can work with OMB and Congress to implement the new structure so that funds can be used as efficiently as possible. (Long term)

### **Improving Understanding of Funding Availability**

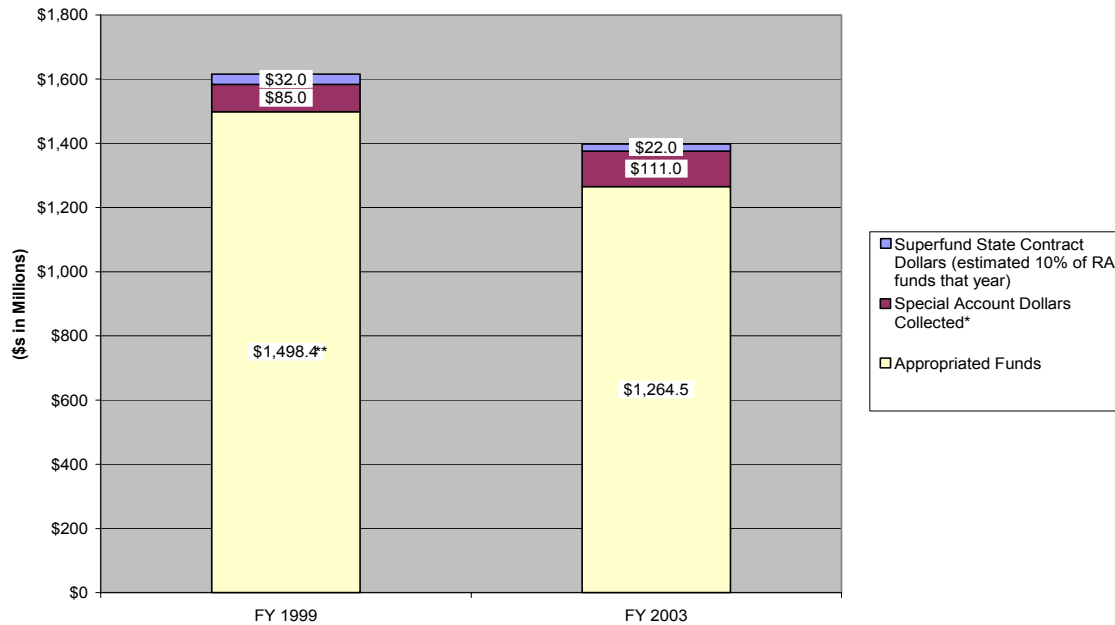
Individuals inside and outside the Agency expressed a range of opinions on how Superfund funding has been allocated and spent over the years. These perceptions include a belief that only certain portions of the program have been cut by the President, Congress, or as part of the development of the Agency’s Operating Plan. In addition, some people feel that EPA offices or Regions have not always spent the funds they have received. Several people outside the Agency strongly expressed the opinion that the original allocations made at the Superfund program’s inception need to be examined closely to determine if they still meet the needs of the program as it has evolved.

To complicate the issue further, the program has not always communicated the total dollars available to conduct its work. For example, the Agency began establishing special accounts many years ago, and the states are statutorily required to provide 10 percent of the funding for remedial actions. These dollars, however, are not identified as a part of the Agency’s funding to conduct its program.

**Recommendation 15:** OSWER and OECA should include special account and state cost share as they allocate funds internally and communicate funding availability. (Near term)



**Figure 1: Superfund Dollars for FY 1999 & 2003 from Appropriations, Special Accounts, and Superfund State Contracts**  
**(\$ in millions)**



\*Dollars may only be used consistent with the consent decree.

\*\*The FY 1999 operating plan included funding for the Brownfields program (\$90 million) and ATSDR and NIEHS (\$130 million). These programs were funded by other appropriations in FY 2003.

### Reducing Costs to Meet Numerical Targets

As discussed earlier, the Superfund program in recent years has lacked the funds to start all long term cleanups that are ready to begin. While this shortfall cannot be overcome by programmatic and resource changes alone, on numerous occasions, interviewees noted that the Superfund program lacks an "always look for the most cost-effective approach" culture. Although this critique is difficult to confirm or refute empirically, it seems likely that across such a large budget, there is room for improvement if the pressure is there to find it. Several individuals suggested the need to establish specific numerical budget-reduction targets as a forcing mechanism to motivate innovation and creativity within the appropriated budget. The notion is that mandated, tangible reductions that can be set and tracked are much more likely to result in meaningful or innovative cost-saving efforts than general encouragement or direction. The program could then direct resources from the mandated reductions to identified priorities (e.g., remedial action funding or enforcement contracts). This approach offers several options for achieving reductions:

**Option 1: *Pro rata cut*** – The Agency should execute an across-the-board, pro rata cut based on an estimated need for remedial action funding, and should make exceptions only on an extremely limited basis. (Near term)

Once the cut is made, each organization can propose how it intends to implement the reduction. This approach assumes there is enough leeway in all major areas supported by Superfund dollars to make an across-the-board cut possible without weakening the program, and also maximizes “sharing of the pain.” On the other hand, this approach will seem inequitable to offices that have adopted cost-conscious practices, and will effectively reward those that have not. Therefore, this approach may need to be in addition to—not in lieu of—other measures. To avoid actually slowing down cleanup progress due to these cuts, the Agency will need to examine where efficiency improvements can make up for decreased resources.

**Option 2: *Targeted cut*** – The Agency should mandate specified numerical reductions, but target the reductions by amount and organization. (Near term)

This approach offers the ability to recognize program areas and offices that have already received reductions or are striving for more efficient resource utilization.

**Option 3: *Hybrid approach*** – The Agency should set numerical targets in a tiered structure, to achieve a hybrid between Option 1 and Option 2. (Near term)

Under this option, the Agency would establish both a relatively low-percentage, across-the-board cut, as in Option 1, and additional percentage cuts tailored to specific functions or organizations. This hybrid approach would acknowledge the distinction between leaner, more efficient areas and areas that appear to be capable of sustaining steeper reductions, while also preserving the notion that everyone is required to participate.

**Option 4: *No initial cuts*** – The Agency should make no cuts initially until it has implemented some of the programmatic and management recommendations. (Long term)

### **Sharing Regional FTEs and Resources across Regions**

Nationally, the Superfund program has the skills and resources that have resulted in cleaning up almost 900 NPL sites and over 7000 removal actions. However, since the FTE distribution has remained relatively unchanged by Region since the early 1990’s, some Regions have been able to complete more of their Superfund workload than other Regions.

In addition, programmatic needs have change. For example, the emergency response program has focused its work more nationally since September 11, 2001, with emergency response assets in each Region strategically aligned to help respond to larger-scale emergencies in other Regions. Work at sites after construction has been completed has also grown significantly as more and more sites are completed.

Also, Region 7's acquisition branch also services Region 10. While the savings of this consolidation have not been quantified, Region 10 believes that the benefits clearly outweigh the costs. It seems reasonable to assume that further consolidation of contracts administration or other administrative functions (e.g., human resources, grants management) would yield additional benefits.

Certain Regions clearly have developed strong programmatic capabilities in certain key areas (e.g., PRP searches and contracting) relative to other Regions. In some instances, one Region has a strong capability, but over time forecasts a decreasing need for that capability, while another Region has that same need but has fewer FTE to do the work.

The interviews suggest that in the longer term, the overall FTE allocation among the Regions needs to be revisited more fundamentally. In the early 1990's, the Agency chose to no longer redistribute staff positions across the Regions on an annual basis, effectively "freezing" the number of positions each Region receives. Therefore, baseline FTE allocation has not been adjusted even though workloads have changed. A strong perception – at the very least – remains that some Regions continue to reap a windfall from this freezing of the FTE allocation.

The Agency has begun to develop workforce strategies that will assist every organization with evaluating its current workforce's skills and abilities and planning for the Superfund program's short and long term needs. For example, in the interviews, many managers talked about the current and future issues that they and their staff are addressing, including needing a better understanding of insurance and learning how to accelerate cost recovery as the number of bankruptcies increases. Another emerging area is post-construction care or assuring proper long term operations and maintenance at completed sites. Many sites, although the responsibility of the states (for funding operation and maintenance) or run by PRPs, will continue to require Agency attention. Many sites where construction is complete have institutional controls in place to restrict access because waste has been left on site. Monitoring and conducting the statutorily required reviews of these sites will require expertise and resources, but much of this work, unlike remedy selection and construction, could reasonably be shared between Regions.

**Recommendation 16:** All national program managers with Superfund resources should evaluate and pursue opportunities for greater resource or work sharing among Regions, especially in support areas. Where appropriate, the Agency should establish consolidation targets, such as a specific number of contract management "centers" to support all ten Regions, or specific types of analytical support being conducted by the regional laboratories. (Long term)

**Recommendation 17:** The lead Region should facilitate a process that takes advantage of capabilities already developed and demonstrated in areas of programmatic specialization by encouraging Regions with needs in these areas to obtain support from the Regions with the capability and capacity to take on more work. No actual FTE adjustment is necessarily envisioned to implement this measure. Rather, the Region with the established competency would be allowed to keep its FTE in return for assuming

work to fill its capacity, while the Region with the need would be expected to transfer its work, rather than receive more resources to acquire or develop its own competency. Work for consideration could include a full range of activities from PRP searches and technical assistance to cleaning up an entire site. (Long term)

**Recommendation 18:** The Agency should conduct benchmarking studies of regional performance in both management and programmatic areas to ensure that all aspects of the program are focusing on improving performance. Once an activity is benchmarked, relevant offices should develop measures to ensure that underperforming Regions improve their performance to benchmarked levels. Those measures could then be used as standards for performance. (Long term)

**Recommendation 19:** The Agency should execute other smaller-scale adjustments as appropriate, and begin setting the stage now for redistributing staff positions in FY 2007, after the consolidations, specializations, and results of benchmarking have been reviewed and incorporated. (Near term)

### **Evaluating Headquarters FTEs**

By design, the Regions conduct the bulk of the Superfund program. When Superfund was in its infancy, it was appropriate for regional implementation to be supported and guided by a strong, centralized programmatic policy and oversight apparatus. Although headquarters offices have reduced staffing levels in recent years, the question arises as to whether the current level of headquarters staffing and skill mix is appropriate, now that the program has matured.

**Recommendation 20:** The Agency should evaluate headquarters Superfund FTE and make every effort to redirect resources to activities that more directly contribute to site cleanups. (Near term)

### **Moving Funding via Immediate, One-time Opportunities**

Interviews and data reviews have helped identify a number of one-time opportunities to gain access to sums of money that could be distributed to remedial action work or other priorities. Despite a number of years with total deobligations in the \$100 million range, significant amounts of money remain underutilized. Some Regions appear to be holding this money as a hedge against tough financial times; the impetuses for this study suggest that the Superfund program is experiencing these tough financial times. Three potential areas for consideration include:

*IAGs, Grants, and Contracts*—Even with the increased focus in recent years on grants and contracts management, opportunities continue to exist across the country for closing out IAGs, grants, and expired contracts. Reinforcing established policies on when to process actions in conjunction with some enhanced incentives (e.g., setting aside a central pool of money to address indirect cost rate adjustments or other trailing costs, and simplifying the return of money

to the deobligating Region for priority work) could encourage Regions to free up funds for deobligation.

*Superfund State Contracts*—A review of site financial data and responses by interviewees revealed that in a number of cases the Agency has deferred the resolution of potentially tough issues related to Superfund State Contracts. In some cases, the Agency has been slow in returning to states overpayments of state matches. In other cases, the Agency has been equally slow to collect required state match payments. It also appears that the remedy selection process, through the use of interim records of decision, has deferred starting the clock for state take-over of potentially expensive long-term response actions. As a result, the program does not appear to have established and reinforced a clear expectation for the timely definition and completion of the appropriate state share of cleanup costs.

*Special Accounts*—In addition to discussions elsewhere in this report regarding utilization of funds from special accounts, in some cases special account dollars remain unobligated or unspent, even after a significant time beyond when work at a site has been completed. At present, there does not appear to be particular attention or pressure to identify and take the necessary steps to mobilize these funds to help complete priority work.

While the majority of the actions required to free up monies in these three areas may be routine, some of them may require policy and procedure revisions or clarifications. The keys to success in reviewing obligated funds for possible deobligations are leadership by one office and partnership across all offices and Regions. Over the last several years, OSWER has taken a leadership role bringing together OECA, the Office of Administration and Resources Management, OCFO and the Regions to focus on deobligating available funds from contracts. This partnership has been successful and is being expanded to include grants and interagency agreements. Also, while these one-time savings are important, and freeing up this money will help with the shortfall now being experienced for funding long term cleanups, this effort alone will not close the funding gap for these remedial actions. Without a clear definition of expectations for managing these funds and tracking of their management, significant funds could again accumulate in these accounts.

**Recommendation 21:** EPA Regions and Headquarters should establish a schedule for FY 2004 deobligations and initiate actions immediately so the funds will be available during this fiscal year. (Near term)

**Recommendation 22:** OSWER and OECA should review guidance and policies to ensure that they are addressing current and future needs and follow up with the Regions on using the guidance and policies. For example, the guidance on Superfund State Contracts is 14 years old and may need to be revisited to improve the timeliness of receipt, obligation, and expenditure of funds. (Near term)